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FM AMEMBASSY KUALA LUMPUR

TO RUEHC/SECSTATE WASHDC PRIORITY 8361

INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS PRIORITY

RUEHAK/AMEMBASSY ANKARA PRIORITY 0081

RUEHBJ/AMEMBASSY BEIJING PRIORITY 2264

RUEHBY/AMEMBASSY CANBERRA PRIORITY 2254

RUEHUM/AMEMBASSY ULAANBAATAR PRIORITY 0052

RHHMUNA/USCINCPAC HONOLULU HI PRIORITY

RUEKJCS/SECDEF WASHDC PRIORITY

RHEHNSC/NSC WASHDC PRIORITY

S E C R E T SECTION 01 OF 03 KUALA LUMPUR 000153

SIPDIS

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DEPT FOR EAP

E.O. 12958: DECL: 01/23/2027

TAGS: PGOV PREL PINR KDEM KISL MY

SUBJECT: ANWAR IBRAHIM ATTACKS NAJIB, SEES LIMITED  
POLITICAL OPENING UNDER ABDULLAH

Classified By: AMBASSADOR CHRISTOPHER J. LAFLEUR, REASON 1.4 (B AND D).

Summary

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¶11. (S) Former Deputy Prime Minister Anwar Ibrahim, speaking with polchief January 18, amplified his recent attacks on Deputy Prime Minister Najib, alleging official cover-up of Najib's connection with the Altantuya murder case and Najib's involvement in corrupt military procurements. Anwar (protect) asserted that DPM Najib's aide-de-camp ordered the killing of Altantuya and that Anwar possessed firm evidence of the 2003 Sukhoi kick-back scheme. A January 19 court affidavit by jailed Najib confidante Razak Baginda revealed a link to Najib's ADC, allowing Anwar to sharpen his public calls for police to question the Deputy Prime Minister. Anwar expressed hope that PM Abdullah's "weakness" could allow for a somewhat fairer playing field for Malaysian opposition parties in the next national elections and asserted that opportunities for democratic reform would end if and when DPM Najib took over. Anwar now is attempting to shift his political opposition role into higher gear. At this point, however, it is not clear that Anwar has a winning game plan and his expressed electoral hopes are very modest at best. End Summary.

Najib-Linked Scandals Damage Malaysia's Integrity

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¶12. (C) Former Deputy Prime Minister and opposition politician Anwar Ibrahim, accompanied by his wife Wan Azizah, told polchief during their January 18 meeting at Anwar's Damansara home that high-level corruption had reached dangerous levels and had damaged the nation's integrity. Anwar raised as examples the alleged cover-up in the Altantuya murder case and kick-backs paid to fronts for DPM Najib Tun Razak for the procurement of French submarines and the 2003 purchase of Sukhoi aircraft. He felt emboldened to raise these matters in recent press conferences (picked up mainly by internet news services) because he possessed solid information, including documentary evidence in the case of the Sukhoi deal. Much of the information about the latter cases came directly from senior officials who met with Anwar, including the Director General of at least one ministry and a senior officer at the Central Bank.

¶13. (S) On the Altantuya Shaariibuu murder (see below), Anwar (protect in this paragraph) claimed that Najib had been romantically involved with the Mongolian woman prior to her

relationship with Abdul Razak Baginda (Najib's confidante accused of abetting the woman's murder), and implied that Altantuya had intended to incriminate Najib as well as Razak Baginda. Leaning forward and in a hushed voice, Anwar asserted that he had firm information that Najib's aide-de-camp ordered the two members of Najib's security detail (who are charged with murder) to kill Altantuya. Based on his information, Anwar said he had called publicly for the police to question Najib. (Comment: In December we heard from one of Anwar's lawyers that Razak Baginda's wife was in contact with Anwar and Wan Azizah, suggesting one possible source for Anwar's information. End Comment.)

#### Background on Altantuya Murder Case

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¶4. (C) Note: In November 2006, Malaysian police arrested urbane think tank analyst Razak Baginda, a close confidante of DPM/Defense Minister Najib and a beneficiary of an enormous broker's fee for the Defense Ministry's purchase of French submarines. Police charged Razak with abetting the October 19, 2006, murder of a young Mongolian woman, Altantuya Shaariibuu, with whom he reportedly had an affair. Police also brought murder charges against two police officers assigned to the Special Operations Force that protects the Deputy Prime Minister. Publicly the case has attracted sensationalist media coverage, while privately the rumor mill has gone into overdrive fueled by speculation of Najib's possible connection to Altantuya and her murder. Perceived irregularities on the part of prosecutors and the court, and the alleged destruction of some evidence, suggested to many that the case was subject to strong political pressure intended to protect Najib. The trial

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phase will begin in March 2008.

#### Razak's Affidavit Supports Anwar's Public Calls

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¶5. (SBU) Note continued: Anwar used his January 10 press conference to urge police to question Najib, while clarifying that, "we are not inferring that (Najib) is in the know or gave the instructions (to murder Altantuya)." On January 19, Abdul Razak Baginda presented a court affidavit in support of his unsuccessful bail application. According to press accounts, Abdul Razak Baginda's affidavit confirmed that he sought the help of Musa Safri, later identified by reporters as Najib's ADC. On January 20, Anwar told a political rally, "It was clearly stated that Abdul Razak had gone to the deputy premier's office to meet with the head of Najib's bodyguards. Why can't we question this? Why can't we investigate?" Mainstream media subsequently carried articles citing the Altantuya family's lawyer asking for prosecutors to reopen the case based on new information in the affidavit. End Note.

#### Abdullah's Weakness Creates (Limited) Political Opening

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¶6. (C) Anwar confided to polchief that Prime Minister Abdullah Badawi's "weakness" and his inability to control fully the government, police and party apparatus could allow for a somewhat fairer playing field during the next national elections. PM Abdullah, however, had already shut down discussion of significant electoral reforms, which the Electoral Commission chairman had urged in public comments made in early January. Anwar expected the government would continue to shut off his access to the mainstream media. (Comment: There has not been a complete black-out on mainstream press coverage of Anwar; however, his activities and public remarks find rare mention in major papers, and none that we have noticed on television. End Comment.) Democratic openings and prospects for reform would end, Anwar argued, if and when the DPM replaced Abdullah, given Najib's character and his inner circle of supporters.

¶ 7. (C) Anwar's Malaysian People's Justice Party (Keadilan) and the Democratic Action Party (DAP) identified opportunities to make some electoral gains in Penang, Sabah and Selangor states in the next national election. Anwar noted that he spent a large amount of time brokering meetings between DAP and the Islamic Party of Malaysia (PAS) in order to foster a better working relationship among these opposition parties. Given limited access to the media, Anwar stated that he had difficulties reaching rural Malay voters to explain his positions, particularly his opposition to the current Malay set-aside programs, which he believes should be based on need, not race. Polchief raised 2006 polling data that indicated a strong racial divide among young Malaysians and, when asked, Anwar did not identify any trend away from race-based politics.

¶ 8. (C) Anwar stated that he was encouraging foreign democracy NGOs to initiate activities in Malaysia in hopes their programs and presence would contribute to a freer political climate. He was reaching out to organizations from the U.S. (NDI, IRI), Europe, Turkey and Indonesia. Anwar noted, in particular, the importance of non-American groups taking up issues of democracy in Malaysia, and indicated his own desire not to become closely identified with the U.S. out of concern his opponents would use this against him. Anwar noted he would continue to engage in international meetings, but would curtail or resign from official roles in some overseas organizations to better position himself for politics in Malaysia. Expressing disappointment with the limited influence of MAFREL, an election monitoring NGO, Anwar supported efforts to stand up a more high-powered, independent election watchdog, possibly headed by noted lawyer and former UN special envoy Param Cumaraswamy (who is part of Anwar's legal team in his suit against former Prime Minister Mahathir).

¶ 9. (C) Anwar, surrounded by boxes in his home, told polchief he had sold the house in the elite Damansara neighborhood and purchased a large home in a poorer neighborhood further from the city. He implied that the reasons for the move were

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financial.

Comment

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¶ 10. (C) Due to his conviction in April 1999 for misuse of his official position, Anwar remains barred from seeking political office until April 2008. However, he now is clearly back in Malaysian politics and attempting to shift his political opposition role into higher gear after spending much of his time overseas following his 2004 prison release. Using press conferences to lob bombshells focused on Najib-linked corruption and the sensationalistic Altantuya murder case is a tactic whose impact is limited by Anwar's modest coverage in the government-dominated mainstream media but which is in keeping with the gadfly function traditionally played by the weaker Malaysian opposition parties.

¶ 11. (C) Political gossip is Malaysia's favorite indoor sport, and some here speculate that Anwar nurses bigger ambitions. Najib personifies the privileged UMNO elite into which he was born and lacks Anwar's Islamic activist credentials or personal magnetism. However, after Abdullah, UMNO currently has no serious alternative to Najib. By chipping away at Najib's reputation, Anwar could be looking to raise doubts inside UMNO about the wisdom of that succession and perhaps weaken resistance to Anwar's eventual return to the fold and perhaps even to leadership. Some speculate, too, that Abdullah is well aware of this dynamic and intends to use Anwar to keep Najib in check. However, as Anwar also continues to take pot shots as well at Abdullah, there remains uncertainty about the likelihood of real

reconciliation with the PM.

¶12. (C) At this point, it is not clear to us that Anwar in fact has a winning game plan and his expressed electoral hopes seem very modest at best. In 2006, former Prime Minister Mahathir's challenge to PM Abdullah ironically stole much of the opposition's thunder, or at least the public's attention. With the Mahathir threat largely diffused for the time being, the field may be more open for Anwar to stake out a position as Malaysia's primary opposition voice in the year ahead.

LAFLEUR